

# NASS Facts

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◆**Wheat.** The August forecast for 1997 all wheat production is 2.53 billion bushels, up 11% from the 1996 crop. Market year prices are expected to average between \$3.05 and \$3.65 compared with \$4.35 for the 1996 crop. The global forecast is up 2% from last year but projected endingstocks are up 14%. The winter wheat crop was 94% harvested as of August 17.

◆**Corn.** The August forecast for 1997 corn production is 9.28 billion bushels, virtually unchanged from the 1996 crop. The market year average price is expected to fall between \$2.50 and \$2.90 a bushel compared with an average of \$2.70 for the 1996 crop. Global production is expected to be 3% below last year. Global 1997/98 ending stocks are expected to be 18% below the previous crop year. The U.S. corn crop was rated 60% good to excellent for the week ending August 17 compared with 62% a year earlier.

◆**Soybeans.** The 1997 soybean crop is forecasted at a record 2.74 billion bushels, up 15% from 1996 and 9% above the previous record set in 1994. The market year average is expected to fall between \$5.40 and \$6.60 per bushel compared with \$7.38 a bushel for the 1996 crop. Global oilseed production in 1997/98 is projected at a record 275 million metric tons up 17 million tons from last year. Reductions in China's peanut and soybean crops are largely offset by gains in U.S. oilseed production. The U.S. soybean crop was rated 57% good to excellent for the week ending August 17 compared with 56% a year ago.

◆**Cotton.** U.S. 1997 all cotton production is forecasted at 17.8 million bales, down 6% from 1996. World production is expected to be 1% below last year. But, total use is expected to exceed the previous year by 2%. The U.S. cotton crop as of August 17 was rated 62% good to excellent compared with 65% last year.

◆**Rice.** U.S. rice production is forecasted at 182 million cwt., 6% above 1996. If realized, this would be the third highest production on record. Rice harvest is underway in Texas and Louisiana. The market year average price is expected to fall between \$9.25 and \$10.25 per cwt compared to an estimated \$9.90 per cwt for the 1996/97 crop.

◆**Other Crops.** The August **Durum Wheat** forecast, at 90.2 million bushels is up 11% from last month but still 22% below last year. The August **Other Spring Wheat** forecast, at 585 million bushels, was up 3% from a month ago but 15% below a year ago. **Sorghum grain** was forecast at 629 million bushels, down 22% from 1996. **Barley** production is forecast at 380 million bushels, up 2% from July but 4% below 1996. The **peanut crop** is expected to be up 4% from last year, **dry edible bean** production up 7%, **tobacco** up 7%, **alfalfa hay** down 2% and **other hay** up 9%.

◆**Cattle.** August 1 **Cattle on feed** in U.S. feedlots with capacity of 1,000 or more head totaled 8.79 million head, up 16% from a year earlier. Placement were up 14% in June while marketings were 6% higher. Prices for choice steers (Neb., direct, 1100-1300 lbs) are expected to average \$65-67 per cwt in the 3rd quarter and then \$69-73 in the 4th quarter. Farm **calf prices** in July averaged \$86.60 per cwt, nearly \$30 above the low level of a year earlier. Recent developments -- the reduction in the corn crop prospects, higher than expected cattle on feed placements, and possible negative consumer reaction to the findings of E. Coli bacteria in some hamburger -- have further dampened both fed cattle and feeder calf prices. On the positive side, placements in feedlots should slow from the large year-earlier levels over the next several months.

## Page 2- Monthly Agricultural Statistical Highlights

◆**Hogs.** Weekly hog slaughter, at 99-100% of a year ago, has lagged slightly in recent weeks but overall is consistent with the June 1 estimate of market hogs of 102%. June-August farrowing intentions, at 105%, indicate expansion. Barrow and gilt prices (Iowa/So. Minn., No. 1-3) are expected to average \$56-58 in the 3rd quarter and \$52-56 per cwt in the 4th quarter as marketings expand.

◆**Other Livestock.** July **milk production** in the 20 major States was up 4.8% and U.S. production for the year (Sept-Aug) is expected to be up about 1.0-2.0%. The July increase in production was due to a 5.7% increase in rate per cow as cow numbers were down 1%. The July **Basic Formula Price (BFP)** was \$10.86 per cwt, up 12 cents from June. Recent rises in cheese prices indicate a higher BFP for August. The BFP for the Oct. 1, 1996/97 year is expected to average \$11.80-11.90. For the week ending Aug 8, 40 lb. block cheddar **cheese prices** averaged \$1.2537 per pound, up 2.2 cents from a week earlier. At \$1.2845, barrel prices were up 3.4 cents. The number of **layers** in U.S. flocks during June averaged 2% above a year earlier with table egg layers up 1%, broiler type hatching up 7%, and egg-type hatching down 2%. U.S. **egg production** for 1997 is expected to be up about 2%. Market egg prices are expected to strengthen in the 3rd and 4th quarters, but still average 8 cents below a year ago for 1997. For the week ending August 16, cumulative **broiler placements** for 1997 were 3% above a year earlier and **broiler production** is expected to be up 4-5% for the year. Broiler prices (12 city) for the 3rd quarter are expected to average 61-63 cents per pound and 57-61 cents in the 4th quarter. **Turkey** production in 1997 is expected to be near last year's level and prices strengthen as the year progresses to average slightly above last years' level. All **sheep and lambs** on hand July 1 totaled 9.9 million head, 4% below a year earlier. Breeding sheep were down 6% while market lambs were down slightly. **Supplies in refrigerated warehouses** the end of July compared with a year earlier were: poultry up 3%, pork bellies up 18%, cheese up 12%, red meat up 12%, and frozen orange juice up 23%.

◆**Trade. U.S. Ag. Exports** for 1997 are expected to total \$56.5 billion down 7% with imports up 6% and the positive trade balance slipping to \$21.0 billion, down 22%. For the 1997 crops, U.S. **wheat** exports are projected to be up 10%, **corn** up 14%, **soybeans** up 7%, **rice** up 8%, and **cotton** up 1%. For 1997, **beef** exports are expected to be up 3%, **pork** up 31%, **broilers** up 5%, **turkeys** up 22%, and total **red meat and poultry** up 10%.

◆**Prices.** The rate of **inflation** as monitored by the **CPI** for all urban consumers increased 0.1% in July for an annual rate of 2.2% compared with last July. The **PPI** fell 0.1% in July for a record 7th month decline and was down 0.2% from last July. The **GDP** implicit price deflator advanced at a 1.4% annual rate in the second quarter of 1997 following a 2.4% first quarter rate. The second quarter rate was the lowest in 23 years. Compared to a year earlier, **feed** prices in July were down 14%, **feeder livestock and poultry** up 33% as feeder calf continued to rise, **fertilizer** down slightly, Ag Chemicals up 2%, **farm machinery** up 2%, seeds up 2%, and **fuels** down 2%. Overall **farm expenditures** for 1996 were up 4%. Average **farm real estate** values are now expected to gain about 5% in 1997.

◆**World Weather** (August 19). Warm, dry weather favored maturing grains in Europe. Weather was favorable for spring grain harvest in the Ukraine and Kazakhstan. Insufficient moisture stressed crops in the North China Plain. Heavy rains inundated India's rice areas. Rains promoted wheat germination in Argentina. Cool, wet weather slowed Canadian Plains grain harvest but benefited immature crops. For the **U.S.**, welcomed rainfall from Continental Divide to the Northeast brought relief to dry fields and replenished soil moisture across central Corn Belt, boosting crop prospects.

◆**Other News.** The **Canadian Wheat** Board has said that it was forecasting a wheat crop in western Canada this year of 21.6 million tons, down 27% from last year. "The decrease is attributed to reduced yields and a shift to canola and flaxseed," the CWB said. Western Canadian durum production was forecast at 3.9 million tons, down 17% from last year. Tax bill signed into law raises threshold for **inheritance tax** from \$600,000 to \$1.3 million for farmland, allows taxes to be paid in year of **deferred income** for cash accounting. The **North American Free Trade Agreement** has had a positive overall effect on trade, accounting for a fifth of the \$2.7 billion increase in U.S. Ag. Exports to Canada and Mexico over the past three years, according to ERS economists. The **farmers' share** of the average food dollar continues to decline at 23 cents compared with 33 cents in 1975.

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Based on information reported by the USDA, largely the National Agricultural Statistics Service, World Agricultural Outlook Board, and Economic Research Service.

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